

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**

**WILLIAMSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2018**



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# ANNUAL FILING AFFIDAVIT

STATE OF TEXAS  
COUNTY OF WILLIAMSON

I, \_\_\_\_\_ of the  
(Name of Duly Authorized District Representative)

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the District's Board of Directors on **January 23, 2019**, its annual audit report for the fiscal year or period ended **September 30, 2018** and that copies of the annual audit report have been filed in the District's office, located at

**100 Congress Avenue, Suite 1300**  
**Austin, Texas 78701**  
(Address of District's Office)

The filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements of Texas Water Code Section 49.194.

Date: \_\_\_\_\_.

By: \_\_\_\_\_  
(Signature of District Representative)

\_\_\_\_\_  
(Typed Name and Title District Representative)

Sworn to and subscribed to before me this the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

(Seal)

\_\_\_\_\_  
(Signature of Notary)

My Commission Expires On: \_\_\_\_\_, \_\_\_\_\_.  
Notary Public in the State of Texas.





# **McCALL GIBSON SWEDLUND BARFOOT PLLC**

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Block House Municipal Utility District  
Williamson County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Block House Municipal Utility District (the "District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Board of Directors  
Block House Municipal  
Utility District

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

January 23, 2019



**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Management’s discussion and analysis of Block House Municipal Utility District’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District’s assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current fiscal year. All current year revenues and expenditures are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting debt service taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explains the differences between the two presentations and assists in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$8,057,316 as of September 30, 2018. This compares with assets and deferred outflows of resources exceeding liabilities by \$7,306,185 in the prior fiscal year.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater, drainage and recreational facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water, wastewater, drainage and recreational services within the District.

The following is a comparative analysis of the Statement of Net Position as of September 30, 2018, and September 30, 2017:

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2018	2017	Change Positive (Negative)
Current and Other Assets	\$ 5,401,947	\$ 5,046,739	\$ 355,208
Capital Assets (Net of Accumulated Depreciation)	<u>15,012,426</u>	<u>15,728,492</u>	<u>(716,066)</u>
Total Assets	<u>\$ 20,414,373</u>	<u>\$ 20,775,231</u>	<u>\$ (360,858)</u>
Deferred Outflows of Resources	<u>\$ 232,804</u>	<u>\$ 261,892</u>	<u>(29,088)</u>
Long -Term Liabilities	\$ 11,792,460	\$ 12,958,718	\$ 1,166,258
Other Liabilities	<u>797,401</u>	<u>772,220</u>	<u>(25,181)</u>
Total Liabilities	<u>\$ 12,589,861</u>	<u>\$ 13,730,938</u>	<u>\$ 1,141,077</u>
Net Position:			
Net Investment in Capital Assets	\$ 3,520,861	\$ 3,105,389	\$ 415,472
Restricted	573,291	566,509	6,782
Unrestricted	<u>3,963,164</u>	<u>3,634,287</u>	<u>328,877</u>
Total Net Position	<u>\$ 8,057,316</u>	<u>\$ 7,306,185</u>	<u>\$ 751,131</u>

The District net position increased by \$751,131, accounting for a 10.3% increase in net position. The following table provides a comparative analysis of the District's operations for the years ending September 30, 2018, and September 30, 2017:

	Summary of Changes in the Statement of Activities		
	2018	2017	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 3,572,751	\$ 3,293,393	\$ 279,358
Charges for Services	2,533,422	2,528,286	5,136
Other Revenues	<u>105,158</u>	<u>59,061</u>	<u>46,097</u>
Total Revenues	<u>\$ 6,211,331</u>	<u>\$ 5,880,740</u>	<u>\$ 330,591</u>
Expenses for Services	<u>5,460,200</u>	<u>5,202,448</u>	<u>(257,752)</u>
Change in Net Position	\$ 751,131	\$ 678,292	\$ 72,839
Net Position, Beginning of Year	<u>7,306,185</u>	<u>6,627,893</u>	<u>678,292</u>
Net Position, End of Year	<u>\$ 8,057,316</u>	<u>\$ 7,306,185</u>	<u>\$ 751,131</u>

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of September 30, 2018, were \$4,658,587, an increase of \$319,471 from the prior year.

The General Fund fund balance increased by \$335,328, primarily due to property tax and service revenues exceeding operating and capital costs.

The Debt Service Fund fund balance decreased by \$10,225, primarily due to the structure of the District's long-term debt.

The Capital Projects Fund fund balance decreased by \$5,632, primarily due to expenditures from proceeds of bonds issued in previous years.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current fiscal year. Actual excess revenues over expenditures were \$306,460 more than budgeted.

**CAPITAL ASSETS**

The District's capital assets as of September 30, 2018, amount to \$15,012,426 (net of accumulated depreciation). These capital assets include land, as well as the water, wastewater and drainage systems and recreational facilities. Significant capital projects completed during the current fiscal year included a security and surveillance system, installation of new pump and replastering of the pool.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2018	2017	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 306,291	\$ 306,291	\$
Capital Assets, Net of Accumulated Depreciation:			
Common Recreational Areas	1,424,756	1,636,592	(211,836)
Water, Wastewater and Drainage System	10,990,149	11,353,578	(363,429)
Capital Recovery Fees	2,291,230	2,432,031	(140,801)
Total Net Capital Assets	<u>\$ 15,012,426</u>	<u>\$ 15,728,492</u>	<u>\$ (716,066)</u>



**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**LONG-TERM DEBT ACTIVITY**

As of September 30, 2018, the District had total bond debt payable of \$11,395,000. The changes in the debt position of the District during the fiscal year ended September 30, 2018, are summarized as follows:

Bond Debt Payable, October 1, 2017	\$ 12,500,000
Less: Bond Principal Paid	<u>1,105,000</u>
Bond Debt Payable, September 30, 2018	<u>\$ 11,395,000</u>

The District’s bonds have an underlying rating of “A1”. The Series 2012 Refunding bonds have an insured rating of “A2” by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2014 Refunding bonds and Series 2016 Refunding bonds have an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. The ratings above include all rating changes of bond insurers through September 30, 2018.

The ratio of the District’s long-term debt to the total taxable assessed valuation (\$446,036,359) is 2.55%. The District’s estimated population, as provided by the District’s operator, as of December 1, 2017, is 6,477.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Block House Municipal Utility District, c/o Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, TX 78701.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash	\$ 233,224	\$
Investments	3,810,211	558,954
Cash with Paying Agent		169,700
Receivables:		
Property Taxes	15,978	12,517
Service Accounts (Net of Allowance for Uncollectible Accounts of \$2,500)	408,086	
Accrued Interest	21,503	2,923
Other	8,000	
Due from Other Funds	1,910	807
Prepaid Costs	5,596	
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 4,504,508</u>	<u>\$ 744,901</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS     OF RESOURCES</b>	<u><u>\$ 4,504,508</u></u>	<u><u>\$ 744,901</u></u>

The accompanying notes to the financial  
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$	\$	\$
68,091	233,224		233,224
	4,437,256		4,437,256
	169,700		169,700
	28,495		28,495
	408,086		408,086
	24,426		24,426
	8,000		8,000
	2,717	(2,717)	
	5,596	87,164	92,760
		306,291	306,291
		14,706,135	14,706,135
<u>\$ 68,091</u>	<u>\$ 5,317,500</u>	<u>\$ 15,096,873</u>	<u>\$ 20,414,373</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 232,804</u>	<u>\$ 232,804</u>
<u>\$ 68,091</u>	<u>\$ 5,317,500</u>	<u>\$ 15,329,677</u>	<u>\$ 20,647,177</u>

The accompanying notes to the financial statements are an integral part of this report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 273,598	\$
Accrued Interest Payable		
Due to Other Funds	807	1,910
Security Deposits	354,103	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	\$ 628,508	\$ 1,910
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 15,978	\$ 12,517
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 5,596	\$
Restricted for Authorized Construction		
Restricted for Debt Service		730,474
Unassigned	3,854,426	
<b>TOTAL FUND BALANCES</b>	\$ 3,860,022	\$ 730,474
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 4,504,508	\$ 744,901
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

The accompanying notes to the financial  
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 273,598	\$	\$ 273,598
		169,700	169,700
	2,717	(2,717)	
	354,103		354,103
		1,120,000	1,120,000
		10,672,460	10,672,460
<u>\$ -0-</u>	<u>\$ 630,418</u>	<u>\$ 11,959,443</u>	<u>\$ 12,589,861</u>
<u>\$ -0-</u>	<u>\$ 28,495</u>	<u>\$ (28,495)</u>	<u>\$ -0-</u>
\$	\$ 5,596	\$ (5,596)	\$
68,091	68,091	(68,091)	
	730,474	(730,474)	
	3,854,426	(3,854,426)	
<u>\$ 68,091</u>	<u>\$ 4,658,587</u>	<u>\$ (4,658,587)</u>	<u>\$ - 0 -</u>
<u>\$ 68,091</u>	<u>\$ 5,317,500</u>		
		\$ 3,520,861	\$ 3,520,861
		573,291	573,291
		3,963,164	3,963,164
		<u>\$ 8,057,316</u>	<u>\$ 8,057,316</u>

The accompanying notes to the financial statements are an integral part of this report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

Total Fund Balances - Governmental Funds \$ 4,658,587

Amounts reported for governmental activities in the Statement of Net Position are different because:

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter. 232,804

Prepaid bond insurance costs are amortized over the term of the debt in governmental activities. 87,164

Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 15,012,426

Deferred inflows of resources related to property tax revenues on delinquent taxes for the 2017 and prior tax levies became part of recognized revenue in the governmental activities of the District. 28,495

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (169,700)	
Bonds Payable	<u>(11,792,460)</u>	<u>(11,962,160)</u>

Total Net Position - Governmental Activities \$ 8,057,316

The accompanying notes to the financial statements are an integral part of this report.

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**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 2,121,539	\$ 1,440,034
Water Service	738,588	
Wastewater Service	419,093	
Park Fee	263,263	
Basic Services	1,041,895	
Penalty and Interest	64,367	4,182
Tap Connection and Inspection Fees	2,034	
Investment Revenues	47,877	17,311
Miscellaneous Revenues	38,846	
<b>TOTAL REVENUES</b>	<b>\$ 4,737,502</b>	<b>\$ 1,461,527</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 208,725	\$
Contracted Services	1,670,018	1,800
Purchased Water Service	632,795	
Purchased Wastewater Service	302,512	
Utilities	48,359	
Park/Pool	1,176,281	
Repairs and Maintenance	130,195	
Depreciation		
Other	175,778	2
Capital Outlay	57,511	
Debt Service:		
Bond Principal		1,105,000
Bond Interest		364,950
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 4,402,174</b>	<b>\$ 1,471,752</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 335,328</b>	<b>\$ (10,225)</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - OCTOBER 1, 2017</b>	<b>3,524,694</b>	<b>740,699</b>
<b>FUND BALANCES/NET POSITION - SEPTEMBER 30, 2018</b>	<b>\$ 3,860,022</b>	<b>\$ 730,474</b>

The accompanying notes to the financial  
statements are an integral part of this report.



Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 3,561,573	\$ 11,178	\$ 3,572,751
	738,588		738,588
	419,093		419,093
	263,263		263,263
	1,041,895		1,041,895
	68,549		68,549
	2,034		2,034
1,124	66,312		66,312
	38,846		38,846
<u>\$ 1,124</u>	<u>\$ 6,200,153</u>	<u>\$ 11,178</u>	<u>\$ 6,211,331</u>
\$	\$ 208,725	\$	\$ 208,725
750	1,672,568		1,672,568
	632,795		632,795
	302,512		302,512
	48,359		48,359
	1,176,281		1,176,281
6,006	136,201		136,201
		773,577	773,577
	175,780		175,780
	57,511	(57,511)	
	1,105,000	(1,105,000)	
	364,950	(31,548)	333,402
<u>\$ 6,756</u>	<u>\$ 5,880,682</u>	<u>\$ (420,482)</u>	<u>\$ 5,460,200</u>
\$ (5,632)	\$ 319,471	\$ (319,471)	\$
		751,131	751,131
73,723	4,339,116	2,967,069	7,306,185
<u>\$ 68,091</u>	<u>\$ 4,658,587</u>	<u>\$ 3,398,729</u>	<u>\$ 8,057,316</u>

The accompanying notes to the financial statements are an integral part of this report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net Change in Fund Balances - Governmental Funds	\$	319,471
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		11,178
--	--	--------

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(773,577)
--	--	-----------

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		57,511
---	--	--------

Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		1,105,000
---	--	-----------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		31,548
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Change in Net Position - Governmental Activities	\$	<u>751,131</u>
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The accompanying notes to the financial statements are an integral part of this report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1. CREATION OF DISTRICT**

Block House Municipal Utility District, located in Williamson County, Texas (the “District”) was created effective January 12, 1978 by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on October 9, 1979, and the first bonds were issued on November 13, 1986.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide statements. The fund statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting debt service taxes.

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days of year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2018, the Debt Service Fund owes the General Fund \$1,910 for a maintenance tax collections and the General Fund owes the Debt Service Fund \$807 for an excess reimbursement of bond issuance costs

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Common and Recreational Areas	5-50
Water System	10-45
Wastewater System	10-45
Drainage System	10-40
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental funds types increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable:* amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.

*Unassigned:* all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 3. LONG – TERM DEBT**

	<u>Refunding Series 2012</u>	<u>Refunding Series 2014</u>
Amounts Outstanding – September 30, 2018	\$ 730,000	\$5,395,000
Interest Rates	3.00%	2.50% - 3.50%
Maturity Dates – Serially Beginning/Ending	April 1, 2019/2020	April 1, 2019/2027
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	April 1, 2018*	April 1, 2020*
	<u>Refunding Series 2016</u>	
Amounts Outstanding – September 30, 2018	\$5,270,000	
Interest Rates	2.00% - 3.00%	
Maturity Dates – Serially Beginning/Ending	April 1, 2019/2026	
Interest Payment Dates	October 1/April 1	
Callable Dates	April 1, 2022*	

\* Bonds maturing on or after this date are subject to being called at par value plus accrued interest date to the date fixed for redemption.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2018:

	<u>October 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>September 30, 2018</u>
Bonds Payable	\$ 12,500,000	\$	\$ 1,105,000	\$ 11,395,000
Unamortized Discounts	(7,381)		(2,948)	(4,433)
Unamortized Premiums	466,099		64,206	401,893
Bonds Payable, Net	<u>\$ 12,958,718</u>	<u>\$ -0-</u>	<u>\$ 1,166,258</u>	<u>\$ 11,792,460</u>
		Amount Due Within One Year		\$ 1,120,000
		Amount Due After One Year		<u>10,672,460</u>
		Bonds Payable, Net		<u>\$ 11,792,460</u>



**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 3. LONG - TERM DEBT (Continued)**

As of September 30, 2018, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,120,000	\$ 339,400	\$ 1,459,400
2020	1,170,000	311,700	1,481,700
2021	1,155,000	280,950	1,435,950
2022	1,190,000	254,050	1,444,050
2023	1,235,000	218,350	1,453,350
2024-2027	<u>5,525,000</u>	<u>478,526</u>	<u>6,003,526</u>
	<u>\$ 11,395,000</u>	<u>\$ 1,882,976</u>	<u>\$ 13,277,976</u>

As of September 30, 2018, the District has authorized but unissued tax bonds in the amount of \$8,520,000 and available refunding bonds authorization of \$24,198,682. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

During the year ended September 30, 2018, the District levied an ad valorem debt service tax rate of \$0.3238 per \$100 of assessed valuation, which resulted in a tax levy of \$1,444,344 on the adjusted taxable valuation of \$446,036,359 for the 2017 tax year. The bond order and bond resolution require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

The District's tax calendar is as follows:

- Levy Date - October 1, or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

**NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS**

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$4,173,224 and the bank balance was \$4,427,877. The District was not exposed to custodial risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2018, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 233,224	\$ 3,460,000	\$ 3,693,224
DEBT SERVICE FUND		480,000	480,000
TOTAL DEPOSITS	\$ 233,224	\$ 3,940,000	\$ 4,173,224

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Directors.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. As of September 30, 2018, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 year
<u>GENERAL FUND</u>		
TexPool	\$ 350,211	\$ 350,211
Certificates of Deposit	3,460,000	3,460,000
<u>DEBT SERVICE FUND</u>		
TexPool	78,954	78,954
Certificates of Deposit	480,000	480,000
<u>CAPITAL PROJECTS FUND</u>		
TexPool	68,091	68,091
<b>TOTAL INVESTMENTS</b>	<u>\$ 4,437,256</u>	<u>\$ 4,437,256</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2018, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District also invests in certificates of deposit which are fully covered by federal depository insurance.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Interest rate risk is the risk the changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District. The District also typically invests in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2018:

	October 1, 2017	Increases	Decreases	September 30, 2018
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 306,291	\$ -0-	\$ -0-	\$ 306,291
<b>Capital Assets Subject to Depreciation</b>				
Common Recreational Areas	\$ 6,158,096	\$ 48,486		\$ 6,206,582
Water, Wastewater and Drainage System	18,097,198	9,025		18,106,223
Capital Recovery Fees	4,613,743			4,613,743
<b>Total Capital Assets Subject to Depreciation</b>	\$ 28,869,037	\$ 57,511	\$ -0-	\$ 28,926,548
<b>Less Accumulated Depreciation</b>				
Common Recreational Areas	\$ 4,521,504	\$ 260,322		\$ 4,781,826
Water, Wastewater and Drainage System	6,743,620	372,454		7,116,074
Capital Recovery Fees	2,181,712	140,801		2,322,513
<b>Total Accumulated Depreciation</b>	\$ 13,446,836	\$ 773,577	\$ -0-	\$ 14,220,413
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	\$ 15,422,201	\$ (716,066)	\$ -0-	\$ 14,706,135
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	\$ 15,728,492	\$ (716,066)	\$ -0-	\$ 15,012,426

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 7. MAINTENANCE TAX**

On April 4, 1981, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 of assessed valuation of taxable property within the District. During the year ended September 30, 2018, the District levied an ad valorem maintenance tax rate of \$0.3411 per \$100 of assessed valuation, which resulted in a tax levy of \$1,521,512 on the adjusted taxable valuation of \$446,036,359 for the 2017 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

**NOTE 8. CONTRACT TAX**

On May 12, 2007, the voters within the District approved a fire protection plan and contract with the City of Cedar Park, Texas for fire protection services including the funding of a service fee payable to Cedar Park through (a) tax revenues generated by a contract tax, (b) a user fee, (c) any other funds lawfully available to the District; or (d) a combination of these. During the year ended September 30, 2018, the District levied a contract tax rate of \$0.1361, which resulted in a tax levy of \$607,088 on the adjusted taxable valuation of \$446,036,359 for the 2017 tax year.

**NOTE 9. WATER SUPPLY AGREEMENT**

Effective March 10, 1995, the District and the City of Cedar Park, Texas (the "City") entered into a water supply contract (the "Water Agreement"). Under the terms of the Water Agreement, the City agreed to sell and the District agreed to purchase capacity in the City's water treatment and distribution system, and the City agreed to provide the District with a wholesale water supply. The Water Agreement establishes a wholesale rate for water provided by the City to the District and provides a mechanism for calculating increases in the rate based upon a cost of service study. The current rate being charged by the City is \$2.90 per 1,000 gallons purchased. During the current fiscal year, the District recorded an expenditure of \$632,795 for purchased water services.

**NOTE 10. WHOLESALE WASTEWATER SERVICE AGREEMENT**

Effective September 25, 2002, the District and the City entered into a wholesale wastewater service contract (the "Wastewater Agreement"). Under the terms of the Wastewater Agreement, the District agreed to purchase capacity in the City's wastewater collection and treatment system and the City agreed to provide the District with wholesale wastewater treatment services for its existing and future development. The Wastewater Agreement established a wholesale rate for wastewater service provided by the City to the District and provides that the City can change the rate periodically by action of the City Council after giving at least 30 day notice to the District to review and comment on the proposed change. The Wastewater Agreement was amended on April 10, 2008 to change how wastewater flow was to be measured. The current rate being charged by the City is \$2.01 per 1,000 gallons purchased. During the current fiscal year, the District recorded an expenditure of \$302,512 for purchased wastewater services.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and law enforcement liability coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and evaluated and denied or allowed by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2018**





**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 2,064,157	\$ 2,121,539	\$ 57,382
Water Service	715,000	738,588	23,588
Wastewater Service	448,000	419,093	(28,907)
Park Fee	250,000	263,263	13,263
Basic Services	1,040,000	1,041,895	1,895
Penalty and Interest	60,000	64,367	4,367
Tap Connection and Inspection Fees	1,500	2,034	534
Investment Revenues	12,060	47,877	35,817
Miscellaneous Revenues	14,860	38,846	23,986
<b>TOTAL REVENUES</b>	<b>\$ 4,605,577</b>	<b>\$ 4,737,502</b>	<b>\$ 131,925</b>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 220,500	\$ 208,725	\$ 11,775
Contracted Services	1,630,709	1,670,018	(39,309)
Purchased Water Service	705,000	632,795	72,205
Purchased Wastewater Service	315,000	302,512	12,488
Utilities	77,500	48,359	29,141
Park/Pool	967,500	1,176,281	(208,781)
Repairs and Maintenance	175,000	130,195	44,805
Other	200,500	175,778	24,722
Capital Outlay	285,000	57,511	227,489
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,576,709</b>	<b>\$ 4,402,174</b>	<b>\$ 174,535</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 28,868</b>	<b>\$ 335,328</b>	<b>\$ 306,460</b>
<b>FUND BALANCE - OCTOBER 1, 2017</b>	<b>3,524,694</b>	<b>3,524,694</b>	
<b>FUND BALANCE - SEPTEMBER 30, 2018</b>	<b>\$ 3,553,562</b>	<b>\$ 3,860,022</b>	<b>\$ 306,460</b>

See accompanying independent auditor's report.

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**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
SUPPLEMENTARY INFORMATION – REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE  
SEPTEMBER 30, 2018**



**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:**

<u>  X  </u>	Retail Water	<u>      </u>	Wholesale Water	<u>  X  </u>	Drainage
<u>  X  </u>	Retail Wastewater	<u>      </u>	Wholesale Wastewater	<u>      </u>	Irrigation
<u>  X  </u>	Parks/Recreation	<u>  X  </u>	Fire Protection	<u>  X  </u>	Security
<u>  X  </u>	Solid Waste/Garbage	<u>      </u>	Flood Control	<u>      </u>	Roads
<u>      </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>  X  </u>	Other (specify): Restrictive Covenant Enforcement				

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):**

Based on the rate order effective September 26, 2018.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 49.66*	N/A	N	\$ 3.88 \$ 4.12 \$ 4.55 \$ 5.00	0,001 to 7,000 7,001 to 14,000 14,001 to 20,000 20,001 and up
WASTEWATER:		N/A	N	\$ 4.00	0,001 and up
SURCHARGE: Regulatory Assessment Fee	\$0.05% of water and wastewater bill				

District employs winter averaging for wastewater usage?   X    
Yes              
No

Total monthly charges per 10,000 gallons usage: Water: \$89.18 Wastewater: \$40.00 Surcharge: \$0.65

\* Includes base fee of \$49.66.

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	<u>2,168</u>	<u>2,161</u>	x 1.0	<u>2,161</u>
1"	<u>1</u>	<u>1</u>	x 2.5	<u>3</u>
1½"	<u>1</u>	<u>1</u>	x 5.0	<u>5</u>
2"	<u>1</u>	<u>1</u>	x 8.0	<u>8</u>
3"	<u>1</u>	<u>1</u>	x 15.0	<u>15</u>
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>2,172</u></u>	<u><u>2,165</u></u>		<u><u>2,192</u></u>
Total Wastewater Connections	<u><u>2,171</u></u>	<u><u>2,164</u></u>	x 1.0	<u><u>2,164</u></u>

**3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited):**

Gallons billed to customers: 204,331,000      Water Accountability Ratio: 94.0%  
(Gallons billed/Gallons purchased)

Gallons purchased: 217,423,000      From: City of Cedar Park, Texas

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**4. STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes \_\_\_\_\_ No X

Does the District have Operation and Maintenance standby fees? Yes \_\_\_\_\_ No X

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes X No \_\_\_\_\_

County in which District is located:

Williamson County, Texas

Is the District located within a city?

Entirely \_\_\_\_\_ Partly \_\_\_\_\_ Not at all X

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely X Partly \_\_\_\_\_ Not at all \_\_\_\_\_

ETJ in which District is located:

City of Cedar Park, Texas

Is the general membership of the Board appointed by an office outside the District?

Yes \_\_\_\_\_ No X

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

PROFESSIONAL FEES:	
Auditing	\$ 16,800
Engineering	24,814
Legal	164,861
Financial Advisor	<u>2,250</u>
TOTAL PROFESSIONAL FEES	<u>\$ 208,725</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 632,795
Purchased Wastewater Service	<u>302,512</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 935,307</u>
CONTRACTED SERVICES:	
Tax Assessor/Appraisal District	\$ 22,887
Bookkeeping	43,250
General Manager	130,200
Operations and Billing	<u>233,708</u>
TOTAL CONTRACTED SERVICES	<u>\$ 430,045</u>
UTILITIES	<u>\$ 48,359</u>
REPAIRS AND MAINTENANCE	<u>\$ 130,195</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 27,550
Election Costs	5,025
Insurance	17,813
Legal Notices	882
Office Supplies and Postage	26,713
Payroll Taxes	10,563
Travel and Meetings	9,560
Other	<u>59,869</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 157,975</u>

See accompanying independent auditor's report.



**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

CAPITAL OUTLAY	<u>\$ 57,511</u>
SOLID WASTE DISPOSAL	<u>\$ 504,968</u>
SECURITY	<u>\$ 129,832</u>
PARKS AND RECREATION	<u>\$ 1,176,281</u>
FIRE FIGHTING	<u>\$ 605,173</u>
OTHER EXPENDITURES:	
Permit Fees	\$ 5,505
Regulatory Assessment	<u>12,298</u>
TOTAL OTHER EXPENDITURES	<u>\$ 17,803</u>
TOTAL EXPENDITURES	<u><u>\$ 4,402,174</u></u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
INVESTMENTS  
SEPTEMBER 30, 2018**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 3,423	\$
TexPool	XXXX0005	Varies	Daily	346,788	
Certificate of Deposit	XXXX0418	0.95%	11/20/18	240,000	1,555
Certificate of Deposit	XXXX2266	1.10%	01/22/19	240,000	1,562
Certificate of Deposit	XXXX0343	2.30%	10/15/19	100,000	95
Certificate of Deposit	XXXX7699	1.20%	12/23/18	240,000	1,704
Certificate of Deposit	XXXX0317	1.50%	04/17/19	240,000	2,002
Certificate of Deposit	XXXX1888	2.40%	07/26/19	240,000	1,042
Certificate of Deposit	XXXX4324	2.00%	05/01/19	240,000	1,986
Certificate of Deposit	XXXX9124	2.06%	05/02/19	240,000	2,045
Certificate of Deposit	XXXX0366	1.35%	03/15/19	240,000	1,917
Certificate of Deposit	XXXX8634	1.10%	02/27/19	240,000	1,555
Certificate of Deposit	XXXX6461	2.36%	09/17/19	240,000	900
Certificate of Deposit	XXXX3194	2.00%	07/01/19	240,000	737
Certificate of Deposit	XXXX0301	2.40%	08/17/19	240,000	915
Certificate of Deposit	XXXX6937	2.10%	06/01/19	240,000	1,671
Certificate of Deposit	XXXX7777	0.85%	10/04/18	240,000	1,817
TOTAL GENERAL FUND				<u>\$ 3,810,211</u>	<u>\$ 21,503</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,868	\$
TexPool	XXXX0003	Varies	Daily	77,086	
Certificate of Deposit	XXXX1539	1.90%	02/23/19	240,000	1,374
Certificate of Deposit	XXXX6296	1.90%	02/23/19	240,000	1,549
TOTAL DEBT SERVICE FUND				<u>\$ 558,954</u>	<u>\$ 2,923</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	\$ 68,091	\$ -0-
TOTAL - ALL FUNDS				<u>\$ 4,437,256</u>	<u>\$ 24,426</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Maintenance Tax		Contract Tax		Debt Service Tax	
TAXES RECEIVABLE -						
OCTOBER 1, 2017	\$ 6,070		\$ 2,962		\$ 8,285	
Adjustments to Beginning						
Balance	<u>(81)</u>	\$ 5,989	<u>(34)</u>	\$ 2,928	<u>(78)</u>	\$ 8,207
Original 2017 Tax Levy	\$ 1,521,956		\$ 607,265		\$ 1,444,765	
Adjustment to 2017 Tax Levy	<u>(444)</u>	<u>1,521,512</u>	<u>(177)</u>	<u>607,088</u>	<u>(421)</u>	<u>1,444,344</u>
TOTAL TO BE						
ACCOUNTED FOR		\$ 1,527,501		\$ 610,016		\$ 1,452,551
 TAX COLLECTIONS:						
Prior Years	\$ 3,034		\$ 1,349		\$ 3,456	
Current Year	<u>1,513,332</u>	<u>1,516,366</u>	<u>603,824</u>	<u>605,173</u>	<u>1,436,578</u>	<u>1,440,034</u>
 TAXES RECEIVABLE -						
SEPTEMBER 30, 2018		<u>\$ 11,135</u>		<u>\$ 4,843</u>		<u>\$ 12,517</u>
 TAXES RECEIVABLE BY						
YEAR:						
2017		\$ 8,180		\$ 3,264		\$ 7,766
2016		1,047		460		1,149
2015		423		193		528
2014		350		180		516
2013		253		169		512
2012		273		190		605
2011		302		171		598
2010		246		180		676
2009 and prior		<u>61</u>		<u>36</u>		<u>167</u>
TOTAL		<u>\$ 11,135</u>		<u>\$ 4,843</u>		<u>\$ 12,517</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	2017	2016	2015	2014
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 98,962,089	\$ 98,974,839	\$ 82,068,836	\$ 70,941,965
Improvements	387,650,823	337,397,503	324,944,704	302,582,112
Personal Property	3,819,943	3,515,700	3,891,623	3,626,373
Exemptions	<u>(44,396,496)</u>	<u>(28,713,433)</u>	<u>(30,416,944)</u>	<u>(30,264,484)</u>
<b>TOTAL PROPERTY VALUATIONS (a)</b>	<u><u>\$ 446,036,359</u></u>	<u><u>\$ 411,174,609</u></u>	<u><u>\$ 380,488,219</u></u>	<u><u>\$ 346,885,966</u></u>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.3238	\$ 0.3465	\$ 0.3820	\$ 0.4154
Maintenance	0.3411	0.3157	0.3057	0.2819
Contract	<u>0.1361</u>	<u>0.1388</u>	<u>0.1393</u>	<u>0.1450</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<u><u>\$ 0.8010</u></u>	<u><u>\$ 0.8010</u></u>	<u><u>\$ 0.8270</u></u>	<u><u>\$ 0.8423</u></u>
<b>ADJUSTED TAX LEVY*</b>	<u><u>\$ 3,572,944</u></u>	<u><u>\$ 3,293,699</u></u>	<u><u>\$ 3,146,860</u></u>	<u><u>\$ 2,925,110</u></u>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED**</b>	<u><u>99.46 %</u></u>	<u><u>99.92 %</u></u>	<u><u>99.96 %</u></u>	<u><u>99.96 %</u></u>

\* Based upon adjusted tax levy at time of audit for the fiscal year in which the tax was levied.

\*\* Calculated as taxes collected in current and previous years divided by tax levy. Calculated as of time of the original tax levy and may vary from that provided in the District's bond offering documents or the District's annual disclosure filings.

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation was approved by voters on April 4, 1981.

(a) Valuations are provided by the appropriate Appraisal District and are current as of the date of the audit. Due to various factors, including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

REFUNDING SERIES - 2012

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2019	\$ 360,000	\$ 21,900	\$ 381,900
2020	370,000	11,100	381,100
2021			
2022			
2023			
2024			
2025			
2026			
2027			
	<u>\$ 730,000</u>	<u>\$ 33,000</u>	<u>\$ 763,000</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

REFUNDING SERIES - 2014

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2019	\$ 340,000	\$ 175,700	\$ 515,700
2020	365,000	167,200	532,200
2021	380,000	156,250	536,250
2022	395,000	144,850	539,850
2023	395,000	133,000	528,000
2024	410,000	121,150	531,150
2025	430,000	108,850	538,850
2026	1,165,000	93,800	1,258,800
2027	<u>1,515,000</u>	<u>53,026</u>	<u>1,568,026</u>
	<u>\$ 5,395,000</u>	<u>\$ 1,153,826</u>	<u>\$ 6,548,826</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

REFUNDING SERIES - 2016

Due During Fiscal Years Ending September 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2019	\$ 420,000	\$ 141,800	\$ 561,800
2020	435,000	133,400	568,400
2021	775,000	124,700	899,700
2022	795,000	109,200	904,200
2023	840,000	85,350	925,350
2024	865,000	60,150	925,150
2025	895,000	34,200	929,200
2026	245,000	7,350	252,350
2027			
	<u>\$ 5,270,000</u>	<u>\$ 696,150</u>	<u>\$ 5,966,150</u>

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
LONG-TERM DEBT SERVICE REQUIREMENTS  
SEPTEMBER 30, 2018**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	\$ 1,120,000	\$ 339,400	\$ 1,459,400
2020	1,170,000	311,700	1,481,700
2021	1,155,000	280,950	1,435,950
2022	1,190,000	254,050	1,444,050
2023	1,235,000	218,350	1,453,350
2024	1,275,000	181,300	1,456,300
2025	1,325,000	143,050	1,468,050
2026	1,410,000	101,150	1,511,150
2027	1,515,000	53,026	1,568,026
	<u>\$ 11,395,000</u>	<u>\$ 1,882,976</u>	<u>\$ 13,277,976</u>

See accompanying independent auditor's report.



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**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2017
Block House Municipal Utility District Unlimited Tax Refunding Bonds - Series 2012	\$ 2,640,000	\$ 1,075,000
Block House Municipal Utility District Unlimited Tax Refunding Bonds - Series 2014	5,840,000	5,740,000
Block House Municipal Utility District Unlimited Tax Refunding Bonds - Series 2016	<u>5,800,000</u>	<u>5,685,000</u>
<b>TOTAL</b>	<u>\$ 14,280,000</u>	<u>\$ 12,500,000</u>

Bond Authority:	Tax Bonds *	Refunding Bonds
Amount Authorized by Voters	\$ 34,325,000	\$ 25,500,000
Amount Issued	<u>25,805,000</u>	<u>1,301,318</u>
Remaining to be Issued	<u>\$ 8,520,000</u>	<u>\$ 24,198,682</u>

Debt Service Fund cash, investments and cash with paying agent balances as of September 30, 2018: \$ 728,654

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,475,331

See Note 3 for interest rate, interest payment dates and maturity dates.

\* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding September 30, 2018</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$	\$ 345,000	\$ 32,250	\$ 730,000	Bank Of Texas Austin, TX
	345,000	182,600	5,395,000	Bank Of Texas Austin, TX
	<u>415,000</u>	<u>150,100</u>	<u>5,270,000</u>	Bank Of Texas Austin, TX
<u>\$ - 0 -</u>	<u>\$ 1,105,000</u>	<u>\$ 364,950</u>	<u>\$ 11,395,000</u>	

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
GENERAL FUND - FIVE YEARS**

	Amounts		
	2018	2017	2016
<b>REVENUES</b>			
Property Taxes	\$ 2,121,539	\$ 1,866,844	\$ 1,693,758
Service Revenues	2,527,206	2,521,879	2,531,575
Tap Connection and Inspection Fees	2,034	3,154	2,171
Investment Revenues	47,877	19,951	16,753
Miscellaneous Revenues	38,846	30,566	16,299
<b>TOTAL REVENUES</b>	<b>\$ 4,737,502</b>	<b>\$ 4,442,394</b>	<b>\$ 4,260,556</b>
<b>EXPENDITURES</b>			
Professional Fees and Contracted Services	\$ 1,878,743	\$ 1,819,548	\$ 1,750,121
Purchased Water and Wastewater Service	935,307	987,363	932,307
Utilities	48,359	47,751	47,866
Park/Pool	1,176,281	877,699	708,156
Repairs and Maintenance	130,195	84,721	63,677
Other	175,778	186,318	182,257
Capital Outlay	57,511	81,310	1,051,958
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,402,174</b>	<b>\$ 4,084,710</b>	<b>\$ 4,736,342</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 335,328</b>	<b>\$ 357,684</b>	<b>\$ (475,786)</b>
<b>BEGINNING FUND BALANCE</b>	<b>3,524,694</b>	<b>3,167,010</b>	<b>3,642,796</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 3,860,022</b>	<b>\$ 3,524,694</b>	<b>\$ 3,167,010</b>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2015	2014	2018	2017	2016	2015	2014
\$ 1,486,745	\$ 1,237,975	44.9 %	42.0 %	39.7 %	36.7 %	32.1 %
2,501,053	2,537,176	53.3	56.8	59.4	61.8	65.8
2,106	3,306		0.1	0.1	0.1	0.1
15,086	13,472	1.0	0.4	0.4	0.4	0.3
41,181	65,219	0.8	0.7	0.4	1.0	1.7
<u>\$ 4,046,171</u>	<u>\$ 3,857,148</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,580,685	\$ 1,491,236	39.7 %	41.0 %	41.1 %	39.1 %	38.7 %
862,480	911,429	19.7	22.2	21.9	21.3	23.6
50,126	56,549	1.0	1.1	1.1	1.2	1.5
728,530	733,052	24.8	19.8	16.6	18.0	19.0
79,840	114,037	2.7	1.9	1.5	2.0	3.0
201,058	158,796	3.7	4.2	4.3	5.0	4.1
156,166		1.2	1.8	24.7	3.9	
<u>\$ 3,658,885</u>	<u>\$ 3,465,099</u>	<u>92.8 %</u>	<u>92.0 %</u>	<u>111.2 %</u>	<u>90.5 %</u>	<u>89.9 %</u>
\$ 387,286	\$ 392,049	7.2 %	8.0 %	(11.2) %	9.5 %	10.1 %
<u>3,255,510</u>	<u>2,863,461</u>					
<u>\$ 3,642,796</u>	<u>\$ 3,255,510</u>					

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES  
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2018	2017	2016
<b>REVENUES</b>			
Property Taxes	\$ 1,444,216	\$ 1,426,903	\$ 1,478,241
Investment Revenues	17,311	7,677	4,371
Miscellaneous Revenues	<u>                    </u>	<u>                    </u>	<u>                    </u>
	7	7	7
<b>TOTAL REVENUES</b>	<u>\$ 1,461,527</u>	<u>\$ 1,434,587</u>	<u>\$ 1,482,619</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 2	\$ 150	\$
Debt Service Principal	1,105,000	1,030,000	1,055,000
Debt Service Interest and Fees	366,750	400,800	423,297
Bond Issuance Costs	<u>                    </u>	<u>                    </u>	<u>                    </u>
			248,564
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,471,752</u>	<u>\$ 1,430,950</u>	<u>\$ 1,726,861</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (10,225)</u>	<u>\$ 3,637</u>	<u>\$ (244,242)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding Bonds	\$	\$	\$ 5,800,000
Transfer to Refunding Escrow Agent			(5,752,800)
Bond Premium	<u>                    </u>	<u>                    </u>	<u>                    </u>
			201,364
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 248,564</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (10,225)	\$ 3,637	\$ 4,322
<b>BEGINNING FUND BALANCE</b>	<u>740,699</u>	<u>737,062</u>	<u>732,740</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 730,474</u>	<u>\$ 740,699</u>	<u>\$ 737,062</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>2,165</u>	<u>2,204</u>	<u>2,196</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>2,164</u>	<u>2,163</u>	<u>2,153</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2015	2014	2018	2017	2016	2015	2014
\$ 1,453,468	\$ 1,508,489	98.8 %	99.5 %	99.7 %	99.8 %	99.8 %
3,382	2,490	1.2	0.5	0.3	0.2	0.2
7						
<u>\$ 1,456,857</u>	<u>\$ 1,510,979</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 356	\$ 3,469	%	%	%	%	0.2 %
935,000	900,000	75.6	71.8	71.2	64.2	59.6
502,298	598,022	25.1	27.9	28.6	34.5	39.6
	<u>228,322</u>			<u>16.8</u>		<u>15.1</u>
<u>\$ 1,437,654</u>	<u>\$ 1,729,813</u>	<u>100.7 %</u>	<u>99.7 %</u>	<u>116.6 %</u>	<u>98.7 %</u>	<u>114.5 %</u>
\$ 19,203	\$ (218,834)	<u>(0.7) %</u>	<u>0.3 %</u>	<u>(16.6) %</u>	<u>1.3 %</u>	<u>(14.5) %</u>
\$	\$ 5,840,000					
	(5,788,362)					
	<u>177,255</u>					
<u>\$ -0-</u>	<u>\$ 228,893</u>					
\$ 19,203	\$ 10,059					
<u>713,537</u>	<u>703,478</u>					
<u>\$ 732,740</u>	<u>\$ 713,537</u>					
<u>2,162</u>	<u>2,168</u>					
<u>2,142</u>	<u>2,142</u>					

See accompanying independent auditor's report.

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2018**

District Mailing Address - Block House Municipal Utility District  
c/o Armbrust & Brown, PLLC  
100 Congress Avenue, Suite 1300  
Austin, TX 78701

District Telephone Number - (512) 259-0959

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>September 30, 2018</u>	Expense Reimbursements for the year ended <u>September 30, 2018</u>	<u>Title</u>
Vanessa Longoria-Carter	11/14 11/18 (Elected)	\$ 4,700	\$ 1,542	President
Cecilia A. Roberts	11/16 11/20 (Elected)	\$ 7,150	\$ 1,640	Vice President
Ursula Logan	11/14 11/18 (Elected)	\$ 5,050	\$ 1,699	Treasurer
Rayan Horak	11/16 11/20 (Elected)	\$ 5,800	\$ 1,735	Secretary
Byron Koenig	08/18 11/18 (Appointed)	\$ 300	\$ -0-	Assistant Secretary
Debra Plowman	11/14 08/18 (Resigned)	\$ 4,550	\$ 1,593	Assistant Secretary

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission Date of most recent District Registration Form (TWC Sections 36.054 and 49.054):  
November 28, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 23, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.



**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
SEPTEMBER 30, 2018**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended September 30, 2018</u>	<u>Title</u>
Armbrust & Brown, PLLC	06/91	\$ 173,617 \$ -0-	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/11	\$ 16,800	Auditor
Municipal Accounts & Consulting, L.P.	09/08	\$ 44,020	Bookkeeper
Gray & Associates, Inc.	11/92	\$ 2,303	Engineer
Public Finance Group LLC	03/14	\$ 2,250	Financial Advisor
Pinnacle Texas Management, LLC	09/15	\$ 185,123	General Manager
Crossroads Utility Services	06/09	\$ 392,997	Operator
Williamson County Tax Assessor/Collector	07/99	\$ 594	Tax Assessor/ Collector

See accompanying independent auditor's report.

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**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**

**OTHER SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2018**



**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**PRINCIPAL TAXPAYERS**  
**SEPTEMBER 30, 2018**  
**(UNAUDITED)**

Taxpayers	Tax Roll Year		
	2018	2017	2016
Paver Family Enterprises L.P.	\$ 1,889,341	\$ 1,763,688	1,646,090
Pedernales Electric Cooperative Inc.	1,199,500	1,274,100	1,925,678
McGetrick, Jacqueline	848,584	1,019,375	872,286
Arpad, Sheldon & Diana	680,657	657,420	575,320
Staalenburg, Ruben	644,372	621,879	522,168
Gone Fishing Investments LLC		470,711	
Heitkoetter, Markus			422,781
Roe, Robert R. & Laura A.	462,910	443,739	398,278
GCC Properties I L.P.	448,808		397,695
Tamhane, Sanjit	453,171	440,731	
Aguirre, Armonda Mauricio & Dennis Aquirre-Jordan		438,254	395,295
Bradford, McKay & Danielle			393,000
Cohen, Albert & Debra	476,189	447,830	
Gibson, Leslie M. & Evan E. Pierce	<u>448,386</u>		
Total Principal Taxpayers	<u>\$ 7,551,918</u>	<u>\$ 7,577,727</u>	<u>\$ 7,548,591</u>
Percent of Assessed Valuation	<u>1.61%</u>	<u>1.70%</u>	<u>1.84%</u>

Source: Williamson Central Appraisal  
District Website

See accompanying independent auditor's report

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**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT**  
**ASSESSED VALUE BY CLASSIFICATION**  
**SEPTEMBER 30, 2018**  
**(UNAUDITED)**

Type of Property	Tax Roll Year					
	2018		2017		2016	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Single Family	\$485,574,747	103.66%	\$458,759,788	102.85%	\$411,587,575	100.10%
Commercial	1,889,341	0.40	1,763,688	0.40	1,646,090	0.40
Utilities	1,359,469	0.29	1,483,517	0.33	1,274,100	0.31
Acreage	3,990,700	0.85	3,881,924	0.87	3,881,924	0.95
Vacant Lot	243,206	0.05	223,125	0.05	127,500	0.03
Tangible Personal, Business	576,660	0.12	948,727	0.21	380,893	0.09
Less: Adjustments	<u>(25,196,040)</u>	<u>(5.37)</u>	<u>(21,024,410)</u>	<u>(4.71)</u>	<u>(7,723,473)</u>	<u>(1.88)</u>
Total	<u>\$ 468,438,083</u>	<u>100.00%</u>	<u>\$ 446,036,359</u>	<u>100.00%</u>	<u>\$ 411,174,609</u>	<u>100.00%</u>

Source: "Comptrollers Audit Report" located on the Williamson  
Central Appraisal District Website

See accompanying independent auditor's report

